



UNIVERSITY OF OREGON

Ecosystem Workforce Program

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Forest Service Use of Best Value Contracting A Sample From the Southwest Region

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About a decade ago, the USDA Forest Service began to replace sealed bidding processes that required awards to go to the lowest qualified bidder with negotiated contracts that permit the agency to consider best value to the government when awarding contracts. Best value contracting allows the government to take into account factors such as past performance, technical capability, and experience in addition to price. Under some circumstances, the Forest Service may also consider local community benefit. We conducted an evaluation to gain a better understanding about how the Forest Service uses best value to choose contractors.

Approach

We selected a random sample of contracts from fiscal years 2004 through 2006 from five national forests in New Mexico in Forest Service Region 3. All the contracts were for forest and land management services, including, but not limited to thinning, tree planting, roadwork, recreation, surveys, studies, and environmental analysis.

Because we have a relatively small sample compared to the overall all procurement of the Forest Service and the contracts are from a single state in a single Forest Service region, it is important to avoid broad generalizations based on this data.

Findings

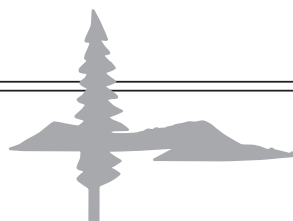
Best value contracting is one of several types of mechanisms that the Forest Service uses to award contracts. The national forests in this sample appeared to use best value about two-thirds of the time. They also solicited offers from a sole source under a variety of circumstances including, for example, when expediting awards for post-fire rehabilitation or when contracts were set aside for 8(a) contractors. They also awarded contracts to the

lowest cost technically acceptable proposal.

Of the 34 best value contracts in our sample, the Forest Service awarded 25 (74%) to the contractor offering the lowest price. The Forest Service awarded 32% of contracts to the highest ranked non-price proposal and 26% to a contractor that did not rank highest technically. Eighteen percent (6 of 34) of winning bidders offered both the lowest price and the highest ranked non-price proposal. In 15% of cases, the evaluation process appeared to focus on identifying the lowest cost acceptable bid. In these cases, the evaluation seemed to work from the lowest price upwards until a technically acceptable bid was identified. In another 26% of cases, we could not determine the technical ranking of the winning bidder or no evaluation was documented.

In our sample solicitations, the Forest Service included seven major types of evaluation criteria. The most common non-price factors were past performance (87% of the solicitations), personnel (39%), and technical skills (39%). Technical approach and experience appeared less frequently.

None of the solicitations in our sample indicated that local benefit would be a factor in evaluation. The lack of local community benefit criteria in our sample solicitations combined with discussions with contracting officers suggests that the national



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forests in this study rarely consider community benefit in contract selection outside of stewardship contracting.

Although the non-price criteria varied considerably from contract to contract, price was typically equal to all other factors combined. With this sort of weighting, price and non-price factors can be thought about in at least two ways. First, one might think about price first and only seriously consider non-price factors when offers were very close in price.

Second, one might focus first on non-price factors and then consider price differences in relation to quality of technical proposals. We saw both of these approaches in the sample.

The national forests in the study evaluated offers in a number of different ways. At one end of the spectrum, teams evaluated non-price offers in considerable detail and only later focused on price. At the other end of the spectrum, the focus seemed to be on price, with limited attention to non-price factors, except to ensure that they met minimum standards.

For more information:

The complete study can be found in the EWP Working Paper entitled, Forest Service Use of Best Value Contracting--A Sample From the Southwest Region, which is available on the web at <http://ewp.uoregon.edu> or by contacting the Ecosystem Workforce Program at ewp@uoregon.edu.

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